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JOHN P KENNEDY
4520 EAST - WEST HIGHWAY
SITE 800
BETHESDA MD 20814

Today

NEWS MONDAY

The final outcome of the year-old takeover battle between the Bank of New York and Irving Bank Corp. remains uncertain, but one thing is clear: Irving and its advisers have shown how to keep an unwanted suitor at bay. And they have done so despite adverse rulings from the Federal Reserve Board and the courts, writes Bart Fraust in the Perspective column. 7

Sen. Dan Quayle's military record makes front-page news, but few suggestions if any are forthcoming from either presidential candidate on solving the savings and loan crisis. 8

John Patrick LaWare, the newest Fed governor, has wasted no time in transforming himself into a regulator after spending over 35 years as a banker. 9

Politickle 8

INSIDE

The Louvre Accord of February 1987, in which the Group of Seven industrial nations agreed to maintain the dollar within certain unspecified ranges, appears to be unraveling. Analysts say that current variances in growth, inflation, and trade among the G7 countries have strained monetary cooperation to the point of invalidating the pact. 3

Deloitte, Haskins & Sells, the outside accounting firm of the Federal Home Loan Bank System, cautioned against the practice of making uncollateralized advances to sick thrifts on the basis of guarantees by the insolvent FSLIC. 3

Mobil Oil Corp. will now accept Mac cards at its 4,200 service stations equipped for electronic payment. Mobil, which has the country's largest retail debit card network, is being sponsored by Mellon Bank. The move brings the number of debit cardholders able to make purchases at Mobil stations to about 45 million. 16

Executive Changes 15
In the News 3
Index to Week's Stories 10
Memory Bank 12
The Markets 6

COMMENT

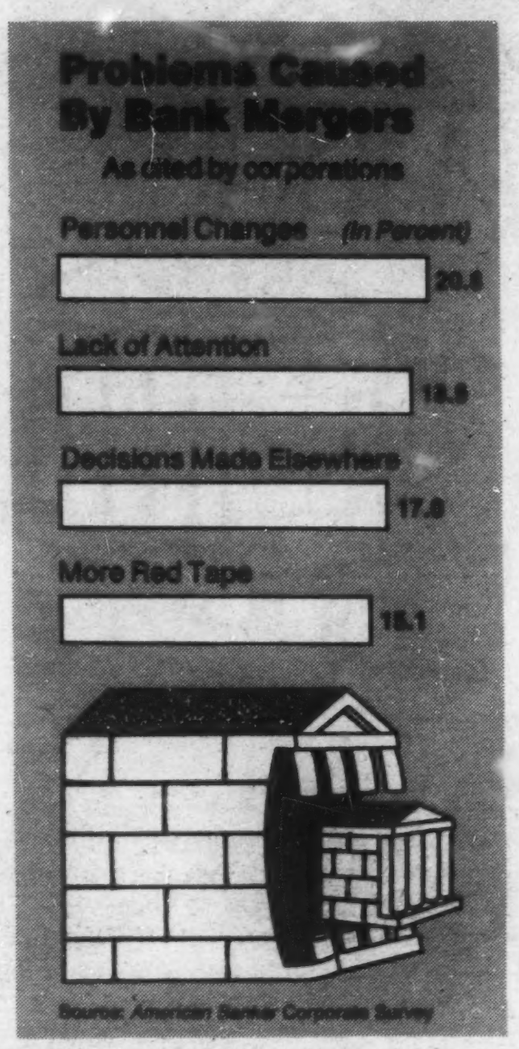
Summer camp toothpaste scams and Canadian border guards offer material for some financial reflections in the hazy days of August, says Dr. Paul S. Nadler. 4

Democrats should be focusing public attention on the breakdown of the federal budget process, not the background of Republican vice presidential candidate Sen. Dan Quayle, writes H. Erich Heinemann. 4

Worth Repeating

The notes were of some concern to all.

Emile J. Plaisance, a Dallas Home Loan Bank director, on the FSLIC's uncollateralized advances to sick thrifts. [Page 3]



AN AMERICAN BANKER SURVEY

Clients Say Relationships Unhurt by Bank Mergers

By GORDON MATTHEWS
Second in a Series

Mergers and acquisitions generally have not hurt the relationship between banks and business, but the banking industry's consolidation does not automatically mean better banking for corporate clients.

Companies responding to the *American Banker's* Corporate America Survey cited both benefits and problems associated with bank mergers. Respondents said the biggest pluses were improved and flexible services and the availability of additional capital. Significant problems ranged from personnel changes to excessive paperwork in dealing with newly merged banks.

More than 70% of the 413 firms surveyed said they had dealt with a merged bank. And an impressive three-fifths of the respondents — 61% — said their relationship with the merged banks remained the same as before consolidation.

On the other hand, a sizable minority, 37% of responding companies, said their bank relationship had changed. And, more important, the firms in this group were almost equally divided on the effects of the mergers. Of the total sample, 18.8% said their banking relationship was stronger, while 18.2% sensed a weaker bond.

There was a striking disparity between smaller and larger firms on this key issue.

Among middle-market companies, with annual sales of $10 million to $250 million, 40% said they believe their banking connection was differ-

Please see SURVEY: Page 2 ➤

Dingell Wants Foreign Loss Data To Aid His New Powers Decision

By ROBERT M. GARSSON
Washington Bureau

WASHINGTON — Rep. John D. Dingell, chairman of the House Energy and Commerce Committee, has demanded information about the London-based securities units of five U.S. banks, a move that signals his intention to play a major role in writing new banking legislation.

In a letter released last week, the Michigan Democrat cited Citicorp in particular, saying the big New York banking company's Dublin office lost $50 million during the October stock market crash "through violations of internal trading procedures."

A Citicorp spokeswoman declined comment, saying she has been unable to determine whether the bank received the Aug. 11 letter.

The letter was also sent to Bank of America, Bankers Trust Co., Chemical Bank, and Manufacturers Hanover Trust Co.

Mr. Dingell, a longtime opponent of new bank powers, linked the issue firmly to the debate over revision of the Glass-Steagall Act. He charged that the experience of the London units re-

Please see DINGELL: Page 14 ➤

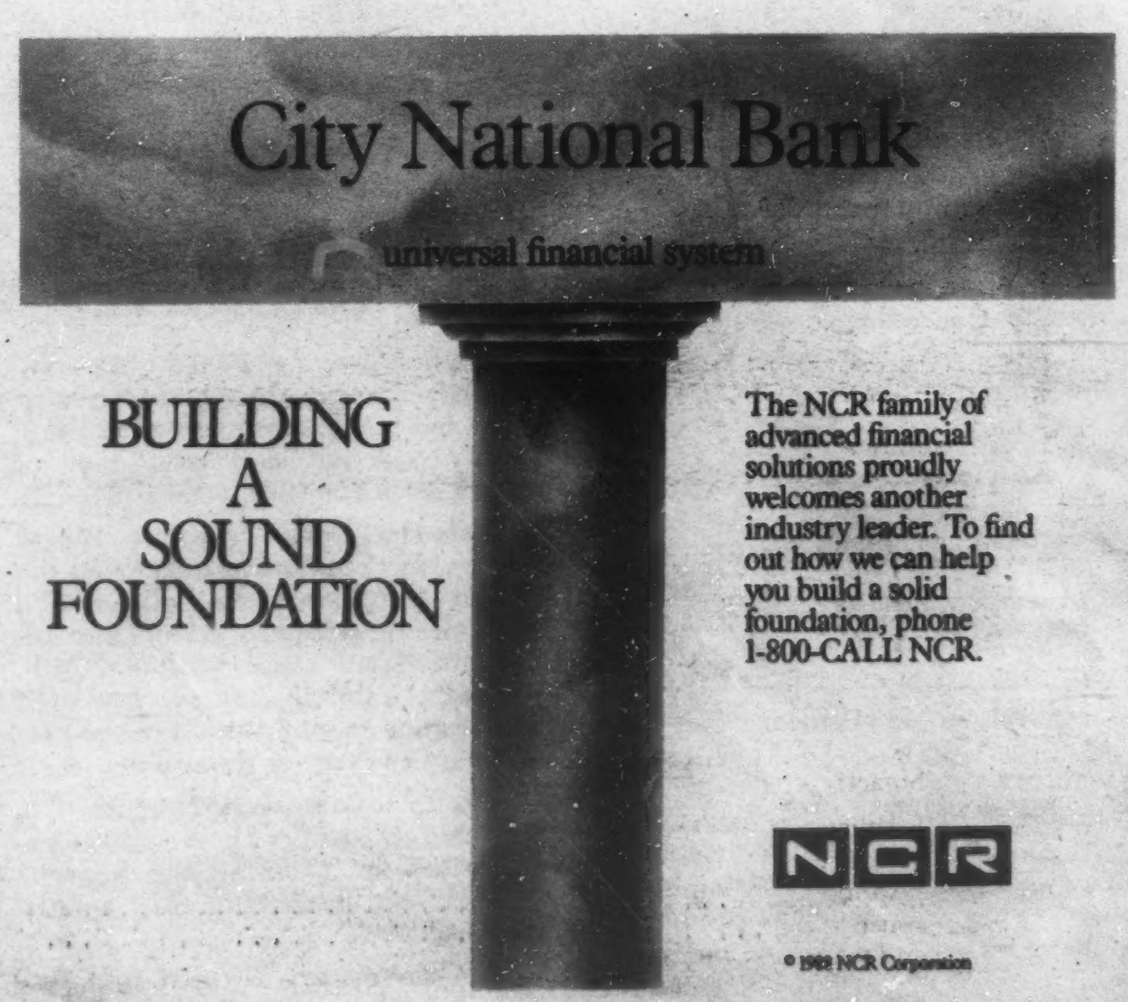
FDIC Revises Auction Terms

By LISABETH WEINER
Midwest Bureau

CHICAGO — In the wake of criticism, the Federal Deposit Insurance Corp. has made minor changes in the terms set for the sale of First Republic-Bank Corp.'s credit card bank. But some potential bidders are complaining that the changes only make matters worse.

At issue is whether NCNB Corp., which is temporarily managing the $600 million credit card portfolio for the FDIC, would be able to solicit the credit card customers if it lost out in

Please see FDIC: Page 15 ➤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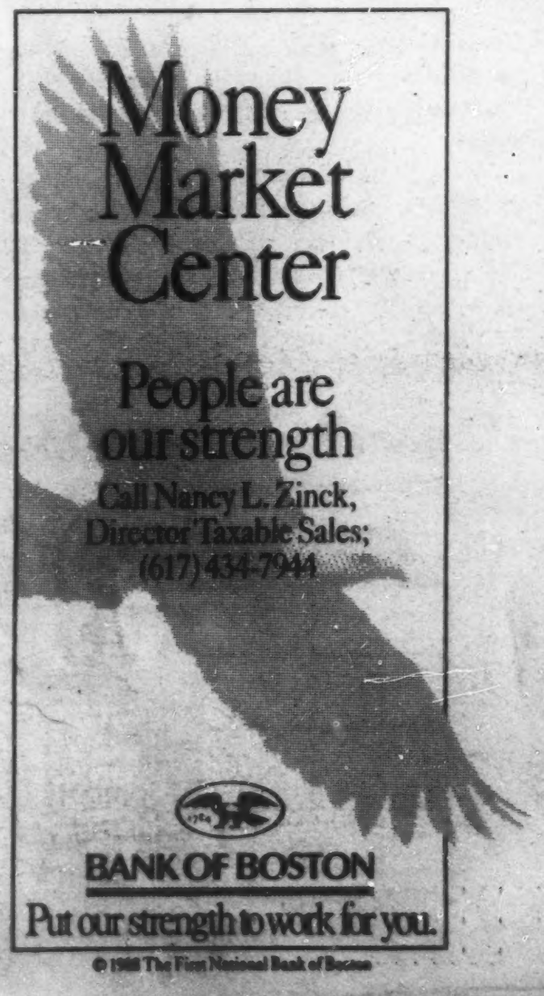
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AN AMERICAN BANKER SURVEY

Customers Say Relationships Survive Mergers

▸ Continued from Page 1

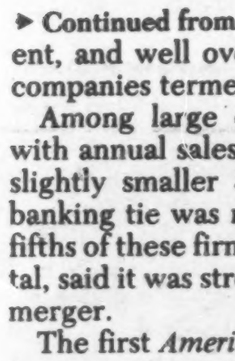
ent, and well over half of the smaller companies termed it weaker.

Among large corporate customers, with annual sales over $250 million, a slightly smaller 35% said their basic banking tie was now different. Three-fifths of these firms, or 20.9% of the total, said it was stronger than before the merger.

The first *American Banker* Corporate America Survey was conducted by Trans Data Corp., Salisbury, Md., a research affiliate of this newspaper. It is based on telephone interviews with executives of 413 randomly selected companies, none of which are financial services firms. The interviews were conducted in March and April with the executives responsible for choosing the financial services and institutions their companies use.

The survey was divided into two samples: 205 middle-market companies with revenues between $10 million and $250 million, and 208 large corporations with annual revenues of $250 million or more.

The data suggest that after a merger, banks focus on large customers they presumably deem more important to retain. And the data indicates that many smaller firms, sensing change at their traditional banks, need reassurance or they might be inclined to change banks.



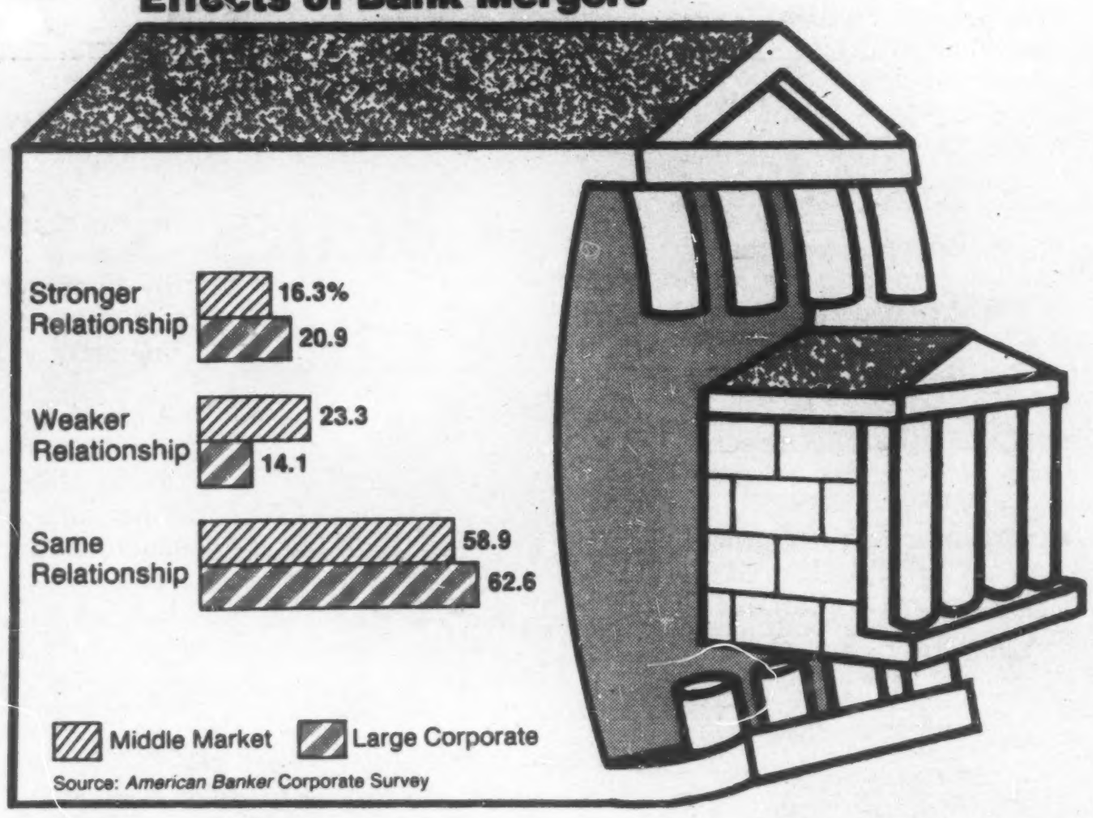
"Everybody has a routine, and business borrowers are very sensitive to the routine of borrowing money. With some, it's their lifeblood, and any possible complication in their relationship with their lender is very uncomfortable," noted John J. Lyons, a New York consultant who advises financial institutions on mergers.

"Mergers represent change, which is unsettling," said Virginia A. Adair, vice president of Merrill Lynch Capital Markets and a banking industry analyst. "Important efforts have to be made to avoid disruption and minimize the loss of corporate clients that are always possible in such a situation."

New or Better Services

The most frequently cited reason for an improved relationship with banks was new or better financial services — reported by nearly 40% of those companies reporting a change after a merger. "Our bank was able to add additional services with the merged institution," said an executive of a manufacturing firm in Washington State with nearly $500 million in sales yearly.

"Our bank merged with a large money center bank, so now we have a wide range of services available to us," a New York firm said. "It [a merger] gave us a much wider variety of services," echoed an Illinois firm with $1.3 billion in sales.



The next most frequently mentioned reason for a stronger relationship in this situation, cited by about a third of the companies, was the broadened financial base of the bank that creates opportunities for obtaining more credit. "They used to have a lending cap; now they can lend us what we need," said a Virginia company with yearly sales of $34 million.

"The merger provided them with more money," said an official of a smaller Pennsylvania firm. "Now they're highly capitalized and able to lend more money."

An official from a Kansas firm with $2.9 billion in annual sales said, "The merged institution has more credit business with this company."

The increased size of a merged bank and the perception of greater stability were also noted, particularly by two Texas companies. "The bank is more solidly established now," said a company with $12 million in sales.

"It increased the ratings of the bank; it was a positive merger," said a larger firm, with sales of $273 million.

Turnover Is One Problem Cited

But corporate customers also noted some problems stemming from banking combinations — particularly personnel-related quality concerns — that bank managers may want to examine.

Turnover among account officers, especially, and other bank personnel was the biggest headache that firms said they encountered after their banks underwent a merger. Personnel problems were cited by 20% of the firms surveyed, and nearly as many companies complained about lack of personalized attention by banks.

These feelings parallel answers to other survey questions and emphasize the importance that corporate customers attach to their links with their banks.

"[The merger] made the smaller bank operate under the bigger bank's guidelines. We became a number instead of a client," said a Mississippi firm with $18 million in sales.

Personal attention is a key concern. "It seems that they don't pay as much attention to the wants and needs of the customer" after a merger, said one Texas business services company with sales of $263 million.

The lack of local decision-making was another problem arising from bank mergers that respondents mentioned. "They have no interest in a small community," was the plaintive remark of a Washington State firm posting sales of $17 million.

Red tape and confusion were other merger-related maladies. "We're getting statements from both banks. Delay in getting accessible money went from four days to 10," said a Colorado firm.

"Our accounts were shuffled, and the result was a great deal of confusion with bank personnel," said a California company.

"There's a lot more red tape. It's hard to get a question answered," lamented a North Carolina firm.

And an Oregon firm, which lists sales of $500 million, hit on a problem that frequently surfaces in the wake of mergers: "The calling officers are too preoccupied with internal developments."

Problems of the Little Guys

Part of the reason for greater concern among smaller companies is that "their relationship with banks is much stronger to begin with," said Mr. Lyons, a managing principal in the firm of Lyons, Zomback & Ostrowski.

"They need the banks more. The larger companies have financial options that smaller companies don't have — the capacity for shutting off valves and opening up others when they need to, so to speak."

The middle-market customers' concerns about mergers deserve attention from banks, "because it's a situation where the guys most upset are basically the guys who are paying the freight," Mr. Lyons said. "Rather than the big companies, it's the smaller firms that are paying the prime, and prime-plus credits."

The experience of most companies with bank mergers, as identified in the survey, coincides with the spread of interstate banking since mid-1985. At that time, the U.S. Supreme Court upheld the establishment of regional banking zones.

Since then, southeastern states and the northeastern region — in particular the New England states — have experienced the largest number of interstate mergers. The West and Southwest have experienced relatively fewer consolidations. The Midwest has lagged behind, although it is now beginning to catch up.

Following that pattern exactly, the study found that businesses in the South had encountered the most mergers, and firms in the Midwest had the least exposure to banking combinations.

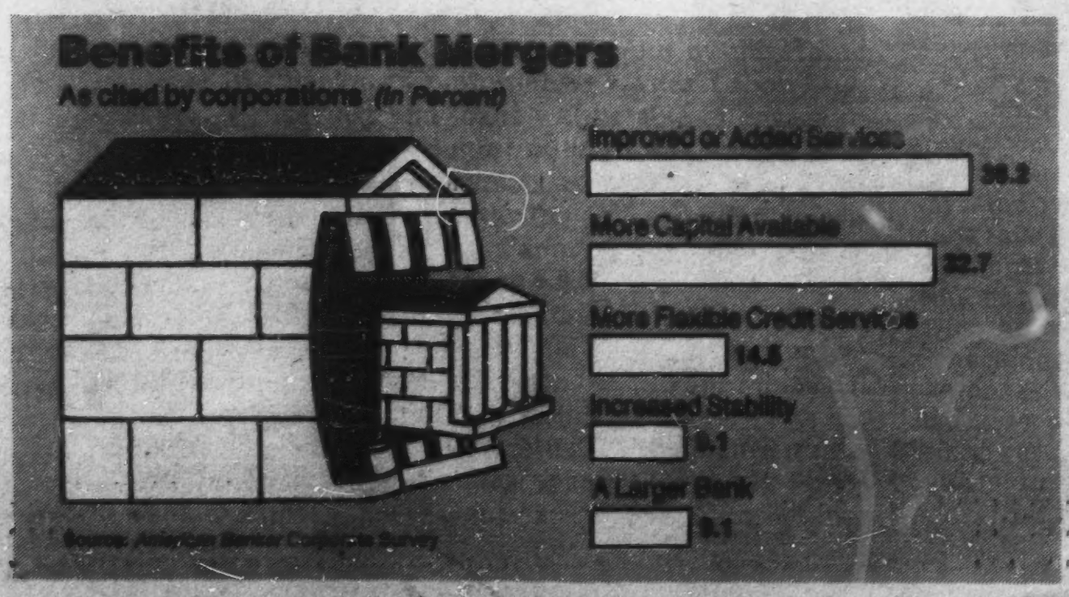
Of the southern companies surveyed, 75.7% said they had encountered mergers, followed by 73.5% of northeastern companies and 71.4% of companies in the West. By comparison, only slightly under two-thirds of midwestern companies had dealt with merged banks.

There was also a variation in the types of companies that have been and are clients of merged banks. Nearly three-quarters of firms in the manufacturing sector had dealt with merged banks, while just under two-thirds of companies in the business services category had done so.

The manufacturers' businesses included food, textiles, furniture and fixtures, fabricated metal products, transportation equipment, printing and publishing, and similar industries. The business-services category includes hotels, amusement and recreation services, auto repair, heath care, and legal and social services companies.

It was business-service companies that most often felt a merger had strengthened their banking relationship. Twenty percent of business services companies offered this as-

Please see SURVEY: Page 15 ▸



How the Survey Was Conducted

The first *American Banker* Corporate America Survey is based on telephone interviews with executives of 413 randomly selected companies, none of which are financial services firms.

Trans Data Corp., a research affiliate of the *American Banker*, developed the survey questionnaire in collaboration with the newspaper's editors and reporters. Trans Data, Salisbury, Md., conducted the interviews, tabulated the responses, and assisted in the preliminary analysis for the survey.

The interviews were conducted in March and April with executives responsible for choosing the financial services and institutions their companies use.

The survey was divided into two groups: a middle-market sample of 205 companies with revenues between $10 million and $250 million, and a large-corporation sample of 208 companies with annual revenues of $250 million or more. Within those two groups, companies were randomly selected from a universe of 80,531 middle-market companies and 3,010 large corporations.

The sample has a margin of error of plus or minus five percentage points with a 90% confidence level. That means if 60% of the companies give a response, there is a 90% probability that the actual percentage is between 55% and 65%. This margin of error applies to the total sample. Subgroups with smaller sample sizes have greater margins of error. ■

BANKING TRENDS /COMMENTARY

The Toothpaste Tube, Canadian Customs, and Other Stories

By PAUL S. NADLER

WHEN you write a weekly column on banking, you are always looking for ways to relate what happens in the course of your days to banking and to your readers.

It is like the garment district operator who has a chance to go to Rome and meet the pope.

"What was he like, this fellow the pope?" his partner asks on his return.

"He's a 46 Regular."

Here are a couple of short ideas, none of which is worth an entire column, but all may have some value to a reader in the lingering days of summer.

The Toothpaste Tube

I visited my son, Saul, at camp — a ritual for American parents who send their kids away in the summer to have fun and learn how to play cards, tell dirty jokes, and otherwise get along in the real world.

I learned that this was a special camp. The owner really cared about what the parents thought and what their children learned. Naturally, this is important, for each camper has been carefully and painfully recruited. So if he does not come back next year, the camp director either has to do the recruiting job over or have empty space that is as costly as an empty airline seat once the plane has departed.

Nadler Says

'Why not have an annex for employee parking? It costs money, but it costs more to lose a customer because there is nowhere to park.'

This explains why the counselors have been instructed, at the end of the summer, to squeeze half of each child's toothpaste down the toilet and rub the kid's toothbrush in the dirt. This is to make the parents think that the kids brushed their teeth all summer.

What a beautiful analogy to many banks' annual statements! They also are all shadow and no substance. The loan-loss reserve, the decision on whether to take losses on bonds, the decision to sell permanent assets to gain revenue for the year, even the decision to overfill the postage meters at the end of December to hide revenue give one the feeling that many bank statements are like my son's half empty toothpaste tube. They don't tell the real story.

The Supermarket

I visited a highly successful supermarket owner. In an effort to show my gratitude for his time, I mentioned that some supermarkets have minted money by owning their pay telephones. That way, they collect the quarters on local calls and pay the phone company far less than a quarter per call. Far more important, when long distance calls are made at the phone the customer is charged regular operator-assisted rates, while the bank or supermarket pays the phone company much lower direct-dialing rates to use the lines. Owning your pay phones is an idea many bankers should consider.

Then I mentioned another idea — that the supermarket should consider having automated teller machines in the store. The supermarket would handle the transactions for a fee and make good money providing an end terminal to the bank transaction network.

"No way!" replied this young, heads-up supermarket owner.

"We had a couple of cash machines in the store," he said, "serviced and owned by our local bank. If they broke during normal business hours, we would call the bank and they would send out an agent. He would place his jacket on some table or box, and in his white shirt he would fix the machine. But if it were evening or weekends, forget it. You couldn't get the banker out for anything.

"Until the banker is willing to work as hard and as long as we do," the owner said, "we don't want it. The customer blames us, not the bank, when the machine doesn't work, and we don't want any tie to an institution that works so selectively.

The Parking Lot

The same supermarket owner indicated that his basic problems were space, space, and space. There isn't enough room for the groceries, and there isn't enough room for some of the customers' cars.

As a result, he limits what he stocks because he wants to offer only the products that have high turnover and justify using his space.

How does that compare to banking, where all transactions get equal space and the person making a major deposit has to wait in a long line behind the people cashing welfare or payroll checks on a busy Friday afternoon?

What can be done about the space problem at a supermarket or a bank?

For the supermarket, how about an annex for bulk items like paper towels and soda? A shopper can get a price break by getting a receipt for soda instead of the actual cans, which he then has to lug to his car. He can take the receipt to the annex, where a clerk will place the cans or towels in the shopper's car on his way home. The func-

Please see TRENDS: Page 12 ▸

Dr. Nadler is a professor of finance at Rutgers University's Graduate School of Management and is contributing editor of the *American Banker*.

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The Daily Financial Services Newspaper
Established 1836
One State Street Plaza, New York, N.Y. 10004
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Editor: William E. Zimmerman
Managing Editor: Brian P. Sullivan
News Editor: Thomas J. Ferris
Associate Editors: Sanford Rose, David O. Tyson

NEWS BUREAUS:
Washington: Chief, Robert Trigaux, 911 National Press Building, Washington, DC 20045; (202) 347-5529; Telecopier: (202) 628-6522.
Midwest: Chief, Richard Ringer, 53 W. Jackson Blvd., Suite 230, Chicago, Il 60604; (312) 663-6380; Telecopier: (312) 939-4925.
West Coast: Chief, Robert Luke, Suite 320, 510 W. Sixth St., Los Angeles, CA 90014; (213) 627-0953; Telecopier: (213) 627-8310.
San Francisco: Chief, Michael A. Robinson, 450 Sansome Street, Suite 1420, San Francisco, CA 94111; (415) 986-8705; Telecopier: (415) 398-4156.
Southwest: Chief, Steve Klinkerman, (817) 481-2415.
New England: Chief, Michael Weinstein, 210 South St., Boston, MA 02111; (617) 542-6848; Telecopier: (617) 542-2221.
London: Chief, John J. Duffy, American Banker, c/o Infopac S.A., 31-35 Beak St., London W1R 3LD England; (011) (441) 439-3066; Telecopier: (011) (441) 734-5153.

Feature Editions Editor: Patricia Stundza
Chief Statistician: L. Michael Cacace
Senior Editor, Copy Desk: Aileen L. Kyte
Art Director: Pamela Budz
Contributing Editor: Paul S. Nadler

President: George W. Landgrebe
Executive Vice Presidents:
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Classified: (800) 221-1910
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Telex: 421768 ABKR

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OVERVIEW /COMMENTARY

Budget Process, Not Quayle, Is the Real Albatross

By H. ERICH HEINEMANN

DEMOCRATS are having a fine old time trying to recast Dan Quayle as an albatross, and then hang him around George Bush's neck. The quality of the Vice President's judgment in selecting his own running mate is surely a legitimate topic for debate.

However, in aiming at the hapless junior Republican senator from Indiana (whatever his transgressions), Democrats — not to mention their surrogates from the fourth estate — are shooting at the wrong target.

The great dilemma in American political life today is clearly the breakdown of the federal budget process during the Reagan administration. The governing consensus that once ruled national politics is gone.

The major parties no longer have a zone of priorities within which they can agree to disagree. Washington has lost its ability to use the federal budget to guide the allocation of resources. The rudder the nation needs to steer itself into the future is broken.

The story has been told around Potomac campfires many times, but it is worth repeating: Ronald Reagan came to town determined to reverse the process of unilateral disarmament that started in the Nixon administration. Congressional Democrats were equally determined to preserve as much as possible of Lyndon Johnson's Great Society.

Since neither side was willing to support the taxes needed to pay for the other's programs, stalemate was the inevitable consequence. Naturally, this led to the biggest deficit-spending spree in U.S. history.

Heinemann Says:

Wonder of wonders, Congress is likely to complete work on virtually all the major spending bills for 1989 before the new fiscal year begins on Oct. 1.

Neither Mr. Bush nor Mr. Dukakis has shown any real inclination to cut the Gordian knot. So chances are that the budget problem will get a lot worse (to find out how bad, just wait for the next recession) before it gets better.

Indeed, last fall the White House and Capitol Hill cut a backroom deal to postpone serious debate on the budget until after the election. A National Economic Commission was appointed to find a solution. Fat chance.

In the meantime, the cease-fire has held. Wonder of wonders, Congress is likely to complete work on virtually all the major spending bills for 1989 before the new fiscal year begins on Oct. 1.

Ironies abound. The Republicans rolled into Washington seven and one-half years ago largely on the basis of one simple pledge: to control federal spending and thus get government "off the backs" of the American people.

That was the promise. The result was that Ronald Reagan presided over the largest single increase in government outlays, bar none, in the entire postwar period. This is true both in absolute dollars, and, much more meaningful to economic performance, as a percentage of the gross national product.

President Reagan said he would cut taxes to give wage earners and entrepreneurs alike new incentives to "work, save, and invest." A broad-based, bipartisan effort has indeed turned the Internal Revenue Code upside down. Nonetheless, despite a bewildering reshuffle of tax liabilities, average tax rates have continued to rise.

Since 1981, individual payments of federal taxes have averaged more than 15% of personal income, up from 14.8% under President Carter, which was itself a postwar high. Last year, nonfinancial corporations paid more than 50% of their income in taxes, up from 35.1% in 1981.

Just as critical to the performance of the economy, the flood of red ink running out of Mr. Reagan's Treasury — which will total almost $1.4 trillion by the time the administration leaves office in January — has washed away much of the savings the nation needs to invest for posterity. Senior advisers to both Mr. Bush and Mr. Dukakis have predicted that as one result, U.S. living standards are likely to grow far less rapidly in the 1990s than earlier in the postwar period.

The figures are striking. According to the nonpartisan Congressional Budget Office (CBO), net domestic saving has averaged just 3.1% of GNP since 1980, less than half of the average of 7.5% from 1950 though 1979.

The shortfall in savings has been off-

Please see OVERVIEW: Page 13 ▸

Mr. Heinemann is chief economist of Ladenburg, Thalmann & Co., a New York investment banking firm.

EXECUTIVE CHANGES

Top Spot for Decker At Westamerica

Richard W. Decker Jr. has been appointed president, chief executive officer, and a director of **Westamerica Bancorp.** and Westamerica Bank, San Rafael, Calif., effective in mid-September.

Mr. Decker is executive vice president and chief administrative officer of First Interstate Bank of California, where he has been employed since 1973. He was responsible for marketing, strategic planning, acquisitions, human resources, internal communications, public affairs, audit, legal, security, personal financial management, and auto lending. He was also a member and director of the managing committee and a director of First Interstate Bancard Co.

AMITY BANCORP, New Haven, Conn., has elected **James Stokes Hatch** president and chief executive officer of the holding company and of Amity Bank, succeeding **Jasper J. Jaser.** Mr. Hatch is chairman of Connecticut Electric & Switch Manufacturing Corp., which he acquired in 1986. He was president and chief executive officer of the Canaan National Bank, Canaan, Conn., from 1977 to 1985. In 1976 and 1977, he served as a senior staff member of the National Commission on Electronic Fund Transfers in Washington.

Fred Nives, chairman of Amity Bancorp and Amity Bank, said Mr. Jaser resigned "to pursue his long-term objectives and opportunities." Mr. Jaser joined Amity Bank as president and chief executive officer in 1985. He will continue to serve Amity Bank as a consultant, Mr. Nives said.

BARCLAYS AMERICAN/BUSINESS CREDIT, Chicago, has named **Philip F. Strauss Jr.** group senior vice president and manager of the central group in the business finance division. Mr. Strauss oversees business development activities and administration of loans in the 13 states that make up the division's central group. He is responsible for marketing centers in Chicago and Detroit and for a loan administration auditing and operations office in Wauwatosa, Wis.

NORWEST BANK MINNESOTA, Minneapolis, has named **Ronald Whitcomb** president of its Bloomington office. Mr. Whitcomb, who joined Norwest in 1982, had been president of one of the bank's Minneapolis offices. He succeeds **William Wilkening,** who has left the company.

Fred Mann was named to succeed Mr. Whitcomb. Mr. Mann was vice president and manager of loan support for Minnesota community banking.

UNITED MISSOURI BANK OF KANSAS CITY, Kansas City, Mo., has elected **J. Lyle Wells** chairman of the board. Mr. Wells succeeds **R. Crosby Kemper,** who has been named senior chairman of the board. **Malcolm M. Aslin** continues as president and chief executive officer of the bank.

William H. Shackelford 3d, a 19-year veteran of First National Bank of Kansas City, has been elected a vice chairman and advisory director of the United Missouri board.

Since 1987, Mr. Wells has managed the commercial banking division, which includes metropolitan and national business development departments, commercial lending, international banking, and correspondent banking. Mr. Shackelford has been an executive vice president in the commercial banking division since 1986, when he joined United Missouri.

— Franklin Smith

FDIC Makes Minor Change in Bidding Process

▸ Continued from Page 1

the bidding.

Originally, the FDIC said there would be no restrictions on NCNB pursuing those customers. That stand was harshly criticized by some bidding banks, which maintained it would drive down the value of the portfolio.

After a review of the issue, the FDIC now has decided to make NCNB wait 30 days before soliciting customers, according to an agency letter obtained by the *American Banker.*

But some potential bidders maintained the delay alone does not make a difference. One banker, who did not want to be named, called the delay "a smidgen away from useless."

This banker, whose institution is interested in bidding on the portfolio, said his legal department believes the FDIC's formal review may have eliminated any chance of taking the regulator to court over the issue.

"NCNB has been granted outright title and privilege to the customer list," he said. "As owner of the bank, the FDIC has set terms for the sale."

Because prospective bidders won't be able to take legal action, the value of the bids probably will be reduced further, the banker asserted.

NCNB, based in Charlotte, N.C., has been acting as manager of the credit card bank, now called the Delaware Bridge Bank, since the FDIC assumed ownership Aug. 2. As manager, NCNB has had complete access to information about its credit card customers.

The FDIC letter to NCNB states that 30 days after a winning bid for the Delaware bank is named, NCNB would be able to solicit customers "using information maintained in the Texas Bank or otherwise available."

The letter was signed by John W. Stone, the FDIC's assistant director, division of bank supervision, and addressed to Timothy Hartman, a lawyer for NCNB.

NCNB agreed on July 29 to take over 40 of First RepublicBank's other subsidiaries with an initial $4 billion in federal assistance. The new unit is called NCNB Texas National Bank or the Texas Bank.

The FDIC said Friday that it has delayed the deadline for submitting bids for two weeks. "Interested bidders have indicated that they would need until Sept. 9 to examine tax and other issues related to an acquisition and also formulate bids for submission to the FDIC," the agency said.

Bidding for the bank has been delayed repeatedly since the original date, Aug. 12.

Some bankers said additional information on the tax treatment of such a transaction was made available to prospective bidders earlier last week.

They said it might take two or three days to review the information, but not two weeks. The delay, they said, gives NCNB a chance to glean more information from the credit card portfolio.

The FDIC declined to comment on any aspect of the NCNB letter or charges made by bankers.

Two weeks ago, FDIC officials said they were granting some special treatment to the North Carolina bank because of NCNB's purchase of First RepublicBank.

In initial negotiations between NCNB and the FDIC for First Republic, the credit card bank was to be included in the NCNB acquisition. But the FDIC did not close the credit card bank in time for it to be part of the transaction.

NCNB agreed to go ahead with the First Republic deal as long as the FDIC did not require it to sign a noncompete clause for the credit card customers. ■

Mobil Net Grows To 45 Million Cards

▸ Continued from Back Page

curity, cardholders enter a personal identification number on a hooded keypad in the service station office.

The Mac network consists of 4,900 automated teller machines in its five-state area, and more than 3,000 retail terminals that accept the card for payment.

The Mobil deal is the latest in a series of expansion moves by Mac this year. It is currently absorbing the competing Treasurer ATM network in New Jersey. And by mid-1989 it plans to convert the 68-bank Pocketbank system in New Hampshire. ■

AN AMERICAN BANKER SURVEY

Businesses in Poll Say Relationships Have Been Unharmed by Bank Mergers

▸ Continued from Page 2

sessment.

On the other hand, firms specializing in wholesale trade offered the most pessimistic view, with 27.1% citing weakened ties with their banks.

For banks involved in or considering mergers, the message seems to be that the vital relationships between banks and their corporate customers must be preserved and protected and special reassurance provided for smaller firms.

According to Mr. Lyons, the best model for accomplishing this may be First Chicago Corp.'s 1984 acquisition of American National Corp., Chicago, and its subsidiary, American National Bank & Trust Company of Chicago. American National is considered the premier middle-market lending bank in the Chicago area.

First Chicago "has allowed American National to keep doing what it does best," he said. "They haven't moved in at all, although the banks are literally right down the street from each other, and the commercial client relationships at American National haven't been disturbed.

"First Chicago basically decided they were buying the corporate client relationships of American National, and they let them do their own lending," Mr. Lyons said. "Commercial relationships are the big element you're buying when you acquire a commercial bank. That's what you pay the premium for.

"For an acquiring bank to pay a premium for another bank and then proceed to foul up the commercial relationships it bought really adds up to shooting yourself in the foot."

Next: Corporate customers say quality of banking service carries more weight than any other determinant. The first part of this series ran Aug. 26.

Hogan, Bank of Tokyo Sign $4 Million Deal

DALLAS — Hogan Systems Inc., a bank applications software vendor, has signed $4 million worth of agreements to provide software and services for the New York operations of Bank of Tokyo Trust Co.

The Dallas-based firm initially will install all modules of its International Money Management System, or IMMS, at the New York agency of Bank of Tokyo Trust Co. and affiliated BOT Securities Inc. The bank plans to support other affiliates in North America on the system.

IMMS is an integrated real-time system that runs on IBM mainframes. Bank of Tokyo said it selected IMMS because it provides multicurrency accounting and multibank functions and runs on DB2, IBM's strategic relational data base management system. ■

Idaho Group Acquires Washington Company

BOISE, Idaho — Moore Financial Group agreed to acquire the Community Bank of Renton, Wash., for $7.8 million in Moore common stock.

Community Bank has two offices in Renton and $42 million in assets. Moore expects to complete the transaction early next year, pending approval of regulators and Community Bank's shareholders.

Separately, the Federal Reserve Board said it has approved an application by Moore Financial to expand into Washington State by acquiring Western Bank Holding Co., Bellevue.

Moore, with $3.5 billion in assets, already operates banks in Idaho, Oregon, and Utah. Western owns the $30 million-asset First Western Bank in Bellevue.

Idaho and Washington State have reciprocal interstate banking laws. ■

Dear Reader, How Are We Doing?

The *American Banker* wants to make sure our Corporate America Survey meets your information needs. So would you spend a moment to give us some feedback? Please clip out this questionnaire and return to: William Zimmerman, Editor, American Banker, One State Street Plaza, New York, N.Y. 10004 (212) 943-5712.

(1.) How would you **change** the survey to make it more useful? What would you add?

(2.) What do you like **best** about the survey?

(3.) What do you like **least** about it?

(4.) How do you use the survey in your work?

Name (optional)_____

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